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Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Availability of INTELSAT Space Segment Capacity to Users and Service
Providers Seeking to Access INTELSAT Directly (IB Docket No. 00-91)

Dear Ms. Salas:

COMSAT Corporation ("COMSAT") and Lockheed Martin Global Telecommunications, LLC ("LMGT"), hereby respond to the comments filed in this proceeding on April 23, 2001, by British Telecommunications plc ("BT") and Sprint Communications, L.P. ("Sprint").

In our March 13, 2001 report to the Commission, we described our substantial outreach efforts to engage in commercial negotiations with the commenting parties in this proceeding (as well as with others, like BT, who did not participate). As a threshold matter, it is worth repeating that, of our more than two hundred customers, only *four* initially filed comments: WorldCom, Sprint, ATC Teleports (now Verestar), and Cable & Wireless USA. WorldCom has now signed a new contract amendment with us, and has expressly agreed that it represents a satisfactory commercial solution of all current issues between the parties. In response to the Commission's public notice soliciting comment on our March 13 report, only Sprint and BT disagreed with our request to terminate this proceeding.

Sprint and BT do not concur fully with our description of the discussions to date, and both dispute our conclusion that we have negotiated in good faith. Accordingly, they urge the Commission not to terminate this proceeding, but rather to "remain actively engaged" (Sprint at 3) and to "continue to monitor the situation" (BT at 3). As demonstrated below, however, we did not omit any material or determinative facts with regard to our negotiations with Sprint or BT. In fact, BT's failure to disclose that a major portion of its capacity issues involve leases on New Skies satellites – rather than direct access to INTELSAT – raises serious questions about its candor with the Commission in this proceeding.

With regard to Sprint, the facts also demonstrate that its intention in this proceeding was never to negotiate a mutually satisfactory commercial solution, but rather to hold firm to its preference for "portability" of our capacity, even where direct access capacity is actually available on the same transponder on the same INTELSAT satellite. In short, the comments of Sprint and BT do not provide any basis to perpetuate this proceeding, and we therefore respectfully renew our request that it be terminated.

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BT. BT's letter asserts that our description of the negotiations with BT "omits some important facts." But the only "fact" BT mentions that we did not describe was that, "[i]n December 2000, Jenny Gallagher, a BT attorney, informally met with Larry Paul and Paul Kollmer-Dorsey of LMGT at the INTELSAT DSDG8 meeting, and briefly discussed the content of BT's November 22, 2000 letter." BT at 2. Such an encounter did indeed take place, but it is hardly evidence of bad faith that we did not report to the Commission a single hallway overture which was made (a) during a coffee break, (b) to people who were known not to be in a position to address commercial negotiations, (c) at a meeting concerned solely with INTELSAT privatization issues.

Actually, it is BT's recitation that neglects to mention a number of material facts. For instance, BT does not mention that the majority of the leases at issue are on New Skies satellites – and thus are outside the scope of this proceeding, which is concerned only with the statutorily mandated inquiry as to whether there is "sufficient opportunity" for direct access to INTELSAT. Moreover, BT fails to mention that it was not until after the parties' March 30 meeting in Washington that it responded to our request for a list of the specific leases BT wanted to discuss. We first made this request in a letter dated December 6. While BT disputes receiving this letter in December, it does admit receiving it in January. Therefore, it is not clear how BT can claim not to have known about that request until March 30.

Perhaps most significantly, BT does not mention that, after supposedly pressing this matter for four months, its representatives arrived at the March 30 meeting wholly unprepared to discuss or put forward any *bona fide* commercial proposal. BT merely stated its position that we should relinquish our capacity rights for no consideration. In contrast, we made a concrete proposal to BT within a week of the meeting, containing a number of options with respect to both the INTELSAT and New Skies leases. BT still has not responded to that proposal. Indeed, our only inkling as to BT's reaction comes from BT's submission in this proceeding.

In sum, BT's attempts to raise questions about our good faith efforts to address BT's issues simply are not supported by the facts. It is BT that has failed to engage in good faith business discussions in a timely manner. In any event, BT cannot demonstrate, and has not even alleged, that it lacks "sufficient opportunity" for direct access – and that is the only proper subject of this proceeding.


Sprint. Sprint asserts that we have "refus[ed] to negotiate arrangements for portability," but admits that "negotiations have not continued due to *Sprint's* assessment that an agreement with COMSAT on this matter is extremely unlikely." Sprint at 2 (emphasis added). The Commission need look no further in seeking to understand why the parties have not reached agreement. Sprint's "paper transfer" proposal, as best it can be understood, is that we simply sign over to Sprint, for no consideration whatsoever, the capacity commitments that we have already made with INTELSAT. That is portability, and under the ORBIT Act COMSAT cannot be compelled to abrogate its capacity arrangements. The Commission required us to enter into negotiations with direct access customers to pursue *commercial* options for resolving outstanding issues relating to the availability of INTELSAT capacity – and that is exactly what we did. Sprint, in contrast, refuses to discuss anything *other* than portability.

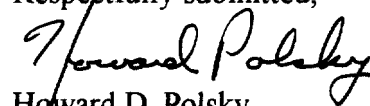
Notwithstanding Sprint's single-minded pursuit of portability (and even though we were not obligated to do so), we analyzed Sprint's requirements and discovered that, in the majority of cases, there was alternate capacity available on the same satellite, and often on the same transponder, for Sprint to pursue a direct access option if it so chose. Sprint has not even attempted to refute that showing. Indeed, the whole point of direct access is that customers be able to make their own arrangements with INTELSAT (and with foreign correspondents), rather than working through the U.S. Signatory. Sprint seems to misunderstand this fundamental fact about the responsibilities that attend direct access, and apparently expects us, and the Commission, to make its arrangements for it.

Moreover, when we informed Sprint on February 13 that direct access capacity was available, we also explained that Sprint's existing contract provided a mechanism for addressing Sprint's concerns. Significantly, Sprint would *not* have to agree to additional long-term circuit commitments in order to take advantage of this mechanism. It is merely a matter of transferring the remaining contract obligation on the non-expiring circuits that Sprint no longer needs to the expiring circuits that it does need. Thus, Sprint can manage its admittedly declining circuit levels without entering into a new contract, or indeed without spending an additional penny beyond its existing commitments.

Of course, if Sprint *were* willing to make additional long-term commitments, it could, by its own admission, renegotiate its existing contract and, as with any customer making future commitments, we would be able to offer lower prices. We have made repeated efforts to reach such an agreement with Sprint. Sprint, though, seems to believe that we must relinquish our capacity, and receive no consideration for doing so. Again, that is portability, and that is not the subject of this proceeding.

In sum, Sprint and BT have failed to demonstrate either that we did not engage in good-faith negotiations or that lack of any agreement with us deprives them of "sufficient opportunity" for direct access. Direct access opportunities are available, but for whatever reason, Sprint and BT refuse to consider them. Under these circumstances, neither Sprint nor BT has satisfied the burden for seeking regulatory intervention. We remain committed to working with BT and Sprint and believe that when this proceeding is terminated the likelihood of reaching a commercial settlement will actually improve. Most importantly, the record shows that the purpose of Section 641 of the ORBIT Act has been achieved as INTELSAT proceeds to its privatization. Accordingly, we once again respectfully request that the Commission terminate this proceeding.


 Gerald Musarra
 Vice President, Government and
 Regulatory Affairs

Respectfully submitted,

 Howard D. Polsky
 Vice President and General Counsel

cc: Robert C. McDonald, Sprint
 Sheba Chacko, BT